



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-2884

August 28, 2002

## INSPECTOR GENERAL INSTRUCTION 1400.575

SUBJECT: Recruitment Bonuses, Relocation Bonuses, and Retention Allowances

References: See Appendix A.

**A. Purpose.** This Instruction implements Office of the Inspector General of the Department of Defense (OIG DoD) policy concerning recruitment bonuses, relocation bonuses, and retention allowances. This Instruction is designed to facilitate the recruitment and retention of high quality employees and/or those for whom the OIG DoD has a special need through the use of these employment incentives.

**B. Applicability.** This Instruction applies to the offices of the Inspector General; the Assistant Inspectors General; the Director, Administration and Information Management; the Director, Departmental Inquiries; and the Director, Intelligence Review. For purposes of this Instruction, these organizations are referred to collectively as OIG components.

**C. Scope.** The OIG DoD may authorize payments of recruitment bonuses, relocation bonuses, and retention allowances for the following types of positions (see reference a):

1. Appointments without time limitation:
  - a. General Schedule (GS), including former Performance Management and Recognition System (GM) positions.
  - b. Members of the Senior Executive Service (SES).
  - c. Executive Schedule (or equivalent) positions.
  - d. Senior-level or scientific or professional positions.
  - e. Presidential appointees.
  - f. Law enforcement officers.
  - g. Those in senior manager positions and technical and professional employees.
2. Does not apply to the Inspector General.

### **D. Definitions**

1. "Employee" means a current employee in the OIG DoD who is serving under an appointment without time limitation and who meets the criteria in C.1. above.

2. “Rate of Basic Pay” means the rate of pay fixed by law or administrative action for the position held by an employee, before deductions and exclusive of additional pay of any kind, such as locality-based comparability payments of interim geographic adjustments, law enforcement availability pay.

3. “Newly Appointed” means:

- a. First federal appointment regardless of tenure; and
- b. Appointment after at least a 90-day break in service from the last permanent position.

4. “Commuting Area” means the geographic designations that are normally considered as one area for employment purposes; and includes population center and neighboring areas where people can be expected to travel back and forth daily to work.

5. “Involuntarily Separated” refers to a separation initiated by an agency against the employee's will and without his or her consent for reasons other than cause for charges of misconduct or delinquency.

## **E. Responsibilities**

1. The Inspector General of the DoD has authority to approve, as applicable, individual and group recruitment bonuses, relocation bonuses, and retention allowances.

2. A supervisor in the rating chain is responsible for submitting a Request for Personnel Action through the appropriate component chain of authority to the OIG Component Head; through the Financial Management Directorate (FMD), Office of Administration and Information Management (OA&IM), for budget impact determination; through the Personnel and Security Directorate (PSD), OA&IM, to review for appropriateness; and to the Inspector General for final approval.

## **F. Procedures**

1. Repayment of recruitment bonus, relocation bonus, or retention allowance in accordance with reference b:

a. An employee who fails to complete at least one full year of employment as specified by the OIG DoD in the Service Agreement (see Appendix B) shall be indebted to the Federal Government and will repay the bonus on a pro rata basis. The amount to be repaid is determined by providing credit for each full month of service completed under the Service Agreement.

b. Recovery of an employee's debt may be waived in whole or in part by the approving official if it is determined that recovery would be against equity and good conscience or against the public interest.

c. Recovery of an employee's debt does not apply when an employee is involuntarily separated other than for cause. Additionally, for relocation bonuses, recovery does not apply if the authorizing official determines that it is necessary to relocate the employee to another commuting area.

2. Recruitment Bonus. See Appendix C.

3. Relocation Bonus. See Appendix D.

4. Retention Allowance. See Appendix E.

**G. Records Management**

1. The PSD, OA&IM, shall maintain all documentation for each individual bonus/allowance request for a period of 4 years.
2. On a fiscal year basis the PSD, OA&IM, will ensure that documentation is maintained for review and submission upon request, and that documentation for any bonus/allowance includes:
  - a. The number of bonuses/allowances offered and the number accepted.
  - b. The percentage of salary offered and accepted in each individual case.
  - c. A summary statement assessing the effect of the bonus/allowance authority on the ability to fill key positions with qualified candidates in a timely manner.
  - d. A copy of all information will be provided to the FMD, OA&IM.

**H. Effective Date.** This Instruction is effective immediately.

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read "Michael E. Peterson", with a stylized flourish at the end.

Michael E. Peterson  
Acting Director  
Office of Administration  
and Information Management

5 Appendices - a/s

**APPENDIX A  
REFERENCES**

- a. OPM Code of Federal Regulations in Title 5, Part 575, Recruitment and Relocation Bonuses; Retention Allowances; Supervisory Differentials.
- b. DoD 7000.14-R, “DoD Financial Management Regulation,” (Civilian Pay Policy and Procedures), Volume 8, Underpayments and Indebtedness, August 1999.
- c. 5 U.S.C., Government Organization and Employees, Pt. III – Employees, Sec. 5333, Minimum rate for new appointments.
- d. DoD 1400.25-M, Subchapter 575, “Recruitment and Relocation Bonuses; Retention Allowances; and Supervisory Differentials”, as amended.
- e. 5 U.S.C., Government Organization and Employees, Pt. III – Employees, Subpart D, Pay and Allowances, Chapter 55, Pay Administration, Subchapter IX, Severance Pay and Back Pay
- f. IGDINST 1416.1, *Pay Setting*, July 6, 1995.

**APPENDIX B**  
**OFFICE OF THE INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE**  
**SERVICE AGREEMENT FOR RECRUITMENT/RELOCATION BONUS**

I hereby agree to remain in the Office of the Inspector General of the Department of Defense (OIG DoD) for the period beginning \_\_\_\_\_ and ending on \_\_\_\_\_ following the effective date of my appointment/relocation. I understand that the amount of this one-time recruitment/relocation bonus under this agreement is \_\_\_\_\_ percent of my salary.

I agree that if I do not remain in the OIG DoD (in the case of a relocation, service must be performed at the new duty station) for the period specified above (unless I am separated for reasons beyond my control and which are acceptable to the OIG DoD), I will repay the bonus to the OIG DoD on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed under this Agreement. I understand that under such circumstances, the monies are recoverable from me as a debt due the United States Government.

\_\_\_\_\_  
*Employee Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Employee Typed Name*

## **APPENDIX C RECRUITMENT BONUS**

### **A. Policy**

1. There must be a determination made by the appropriate component authorizing official that in the absence of a recruitment bonus, the agency would have difficulty in filling the job.
2. A recruitment bonus of up to 25 percent of basic pay *may be* offered to certain newly appointed employees.
3. Following coordination with the FMD, OA&IM, the recruitment bonus request, including the amount of such bonus, shall be reviewed and authorized by a component official who is at a higher level than the recommending official making the offer.
4. To make a timely offer of employment, the Inspector General may approve a recruitment bonus in advance of appointment consummation, and authorize the recommending official to offer a recruitment bonus (in any amount within a pre-established range) to a candidate without further review or approval. This approval to make such offers must be in writing.

### **B. Justification/Criteria**

1. Description of the difficulty that has been encountered in locating candidates and the time required to recruit for similar positions.
2. Recent turnover in similar positions.
3. Labor-market factors that may affect the ability to recruit candidates for similar positions now and in the future.
4. Special qualifications needed for the position.
5. The practicality of using a superior qualifications appointment authority (reference c) alone or in combination with a recruitment bonus.
6. Managers may identify groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future by providing to the PSD, OA&IM, written justification for a determination to offer a recruitment bonus on a group basis.

### **C. Procedures for Paying**

1. A bonus will be calculated as a percentage of the annual rate of basic pay, but cannot exceed 25 percent.
2. Will be paid in a lump sum; and
3. Will not be considered as part of rate of basic pay.
4. The requesting OIG component will send a Request for Personnel Action, SF-52, to the PSD, OA&IM.
5. A Notification of Personnel Action, SF-50, will be completed and provided to the OIG DoD payroll contact for payment.

6. The PSD, OA&IM, will provide copies to the FMD, OA&IM, and the requesting OIG component upon approval to pay a recruitment bonus.

**D. Service Agreement.** Before a recruitment bonus may be paid, the employee offered such a bonus must sign a Service Agreement (Appendix B) to complete no less than 1 year of employment with the OIG DoD. Failure to comply with the terms of the Service Agreement will obligate the employee to repay the recruitment bonus.

## APPENDIX D RELOCATION BONUS

**A. Policy.** The OIG DoD may authorize payment of a relocation bonus to an employee who, at the best interest of the agency, must relocate to accept a position in a different commuting area. The OIG DoD authority to approve relocation bonuses is delegated to the Director, O&AIM, under the following conditions:

1. The appropriate approving official, as designated by the OIG Component Head, must determine that, in the absence of such a bonus, difficulty would be encountered in retaining the employee and filling the position. This determination must be made before the employee enters on duty in the new duty station. All determinations will be made on a case-by-case basis.
2. A relocation bonus of up to 25 percent of basic pay *may be* offered to certain current employees who must relocate.
3. Following coordination with FMD, OA&IM, the amount of such bonuses will be reviewed and authorized by a component official who is at a higher level than the recommending official making the offer.

**B. Justification/Criteria**

1. A description of the difficulty that has been encountered in locating candidates and the time required to recruit for similar positions.
2. Documentation of recent turnover in similar positions.
3. Labor-market factors that may affect the ability to recruit candidates for similar positions now and in the future.
4. Special qualifications needed for the position.
5. A statement that in determining the proposed percentage of basic pay to be offered, budget, policies, and any other appropriate compensation-related issues have been considered.
6. Groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future may be identified for relocation bonuses, however, any determination to pay a bonus shall be made on a case-by-case basis for each employee.

**C. Procedures for Paying**

1. A bonus will be calculated as a percentage of the annual rate of basic pay, not to exceed 25 percent.
2. In the case of a law enforcement officer, properly classified under the General Schedule 1811 series in the Office of Personnel Management (OPM) classification standard, the amount of a relocation bonus may not exceed the greater of \$15,000 or 25 percent of a law enforcement officer's annual rate of basic pay.
3. Will be paid in a lump sum.
4. A bonus will not be considered as part of the rate of basic pay.



5. Before a relocation bonus may be paid to an employee, the employee must establish a residence in the new commuting area.
6. The requesting OIG component will send a Request for Personnel Action, SF-52, to the PSD, OA&IM.
7. A Notification of Personnel Action, SF-50, will be completed and provided to the OIG DoD payroll contact for payment.
8. The PSD, OA&IM, will provide copies to the FMD, OA&IM, and the requesting OIG component upon approval to pay a recruitment bonus.

**D. Service Agreement.** Before a relocation bonus may be paid, the employee offered such a bonus must sign a Service Agreement (Appendix B) to complete no less than 1 year of employment with the OIG DoD. Failure to complete the terms of the Service Agreement will obligate the employee to repay the bonus.

## APPENDIX E RETENTION ALLOWANCE

**A. Policy.** The OIG DoD may authorize payment of a retention allowance of up to 25 percent of basic pay to a current employee if the unusually high or unique qualifications of the employee or a special need of the OIG DoD for the employee's services makes it essential to retain the employee. The OIG DoD must determine that, in the absence of a retention allowance, the employee would be likely to leave the federal service for employment outside the executive, legislative, or judicial branch of the Federal Government.

### 1. Eligible Employees

a. Approval of Retention Allowances for Individual Employees. The Inspector General approves retention allowances for individual employees, except that in accordance with reference d, only the Secretary or Deputy Secretary of Defense may approve a retention allowance for individuals appointed to a Schedule C position or non-career appointees in the SES.

b. Approval of Retention Allowances for Groups or Categories of Employees. The Inspector General approves retention allowances for groups of employees, in accordance with reference d, limited to 10 percent of basic pay.

### 2. Excluded Employees

a. Payment of a retention allowance is not authorized for certain categories of employees. The following employees are excluded from coverage:

- (1) Those serving under Recruitment or Relocation Bonus Agreements.
- (2) Those who have reached agreement to accept a voluntary separation incentive under reference e.
- (3) Those receiving a job offer from the executive, legislative, or judicial branch of the Federal Government.
- (4) The Inspector General.
- (5) Those serving under time-limited appointments.

b. Allowance may not be authorized or continued if it would cause the employee's projected aggregate compensation in a calendar year to exceed the rate for level 1 of the Executive Schedule.

## **B. Justification/Criteria**

1. Written certification that the unique qualifications of the employee or the special needs of the OIG DoD for the employee's services makes it essential to retain the employee and that the employee would be likely to leave the OIG DoD for a job outside the executive, legislative, or judicial branch of the Federal Government in the absence of the retention allowance.

2. A description of the extent to which the employee's departure would affect the OIG DoD ability to carry out an activity or perform a function that is essential to its mission.

3. A description of recent efforts to recruit candidates and retain employees with similar qualifications; or description of the difficulty that would be encountered, and the estimated time required to recruit for a replacement for the employee.

4. A written employment contract or letter of offer from a prospective employer outside of the executive, legislative, or judicial branch of the Federal Government.
5. A copy of the latest Rating of Record, which must be Outstanding; if not Outstanding, further justification will be required.
6. Documentation that, consistent with reference f, employees have completed 1 year of continuous service with the OIG DoD.
7. A written statement that the employee is not serving under a Recruitment or Relocation Bonus Agreement.
8. Requests for the authorization of group retention allowances and for OPM approval for up to 10 percent of basic pay must be coordinated with all other DoD Components having similarly situated employees, i.e., within the commuting area) before submission through the Inspector General of the DoD to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) (DASD(CPP)) for final approval.

**C. Procedures for Requesting Allowances**

1. The OIG Component Head must submit a written request through the FMD, OA&IM, to the PSD, OA&IM, for review. The request must include:
  - a. Criteria listed in B. above.
  - b. The proposed percentage of basic pay and justification. In determining the percentage, the following factors should be considered:
    - (1) The amount of an allowance should be sufficient to keep the OIG DoD salaries competitive with those of other employers and should strive to maintain equity among employees.
    - (2) The qualifications or experience of the incumbent in relation to the duties of the position and similar considerations.
    - (3) Budget considerations and policies.
    - (4) Any other appropriate compensation-related issues.
2. The PSD, OA&IM, will review the request to ensure that all requirements have been met and forward it to the Inspector General with a recommendation for approval or disapproval.
3. At least annually, the OIG Component Head must determine whether the allowance is still warranted and that the conditions giving rise to the original determination still exists. The written determination must be forwarded through the PSD, OA&IM, to the Inspector General, who will approve or disapprove.
4. Before the expiration of the year, if the conditions that originally prompted the payment have significantly changed, including significant increases in basic pay, a written determination to reduce or terminate the retention allowance must be made. Reasons for reducing or terminating the allowance may include:
  - a. A lesser amount must be sufficient to retain the employee.
  - b. The OIG DoD no longer needs the employee's services.

- c. Labor market factors make it likely to recruit candidates with similar qualifications.
- d. Due to budget constraints.

**D. Procedures for Paving**

1. The PSD, OA&IM, will provide copies to the FMD, OA&IM, and the requesting OIG component upon approval to pay a retention allowance.
2. The requesting OIG component will send a Request for Personnel Action, SF-52, to the PSD, OA&IM.
3. A Notification of Personnel Action, SF-50, will be completed and provided to the OIG DoD payroll contact for payment.
4. The allowance is not part of the employee's rate of basic pay, but is paid in the same manner and at the same time as basic pay.
5. The amount of the retention bonus will be part of each biweekly paycheck and will be indicated on the Leave and Earnings Statement.